

UNIVERSITY PLACE SCHOOL DISTRICT NO. 83
Pierce County, Washington
September 1, 1992 Through August 31, 1993

Schedule Of Findings

1. Internal Control Over Associated Student Body (ASB) Accounting Should Be Improved

As a part of our review of the ASB Fund account records at Curtis High School we noted pervasive weaknesses in the following areas:

a. Cash Receipting:

(1) Funds received from students were not deposited intact immediately. Regular practice was to deposit only the wrapped currency, rolled change, and checks.

(2) Cash and checks were often held by the ASB bookkeeper for, on average, three to five business days before their eventual deposit.

(3) In some cases, specific checks were held at the request of parents until they could ensure that their account held sufficient funds.

(4) The ASB cash drawer was not regularly or consistently balanced.

(5) The ASB bookkeeper admitted to holding extra amounts of up to approximately \$200 in the cash drawer. These moneys were neither deposited nor recorded, and the bookkeeper was unable to determine how much was actually in the drawer.

(6) Receipts were regularly used to create change funds for school events.

(7) Composition of deposits could not be determined. The mode of payment received from club advisors and students was not consistently noted. We noted instances of cash collected at the club level being recorded as checks, and of checks recorded as cash.

(8) Access to the cash drawer was not adequately controlled. Student assistants both counted cash and processed transactions without adequate supervision. The cash drawer was not regularly balanced after each student shift.

Article XI, Section 15 of the Washington State Constitution requires that:

All moneys, assessments and taxes belonging to or collected for the use of any county, city, town or other public or municipal corporation, coming into the hands of any officer thereof, shall immediately be deposited with the treasurer, or other legal depositary to the credit of such city, town, or other corporation respectively, for the benefit of the

funds to which they belong.

WAC 392-138-035 states in part:

All associated student body moneys, upon receipt, shall be transmitted intact to the district depository bank and then to the county treasurer for deposit to the credit of the "associated student body program fund" of the school district

As a result of this failure to deposit funds intact daily and correctly record the composition of these deposits, we were unable to verify that all funds collected were deposited for the benefit of the ASB Fund.

b. We also noted the following irregularities in the area of accounting for club activities:

(1) Of the records reviewed, we found \$678.17 of school store receipts which were not deposited with the bank.

(2) Accounting for funds received from the student clubs was not performed timely.

(3) ASB accounting records were combined with those of the school General Fund.

(4) Many discrepancies were noted between accounting records maintained at the student club level and those maintained by the ASB bookkeeper. Differences noted ranged from minor math errors to disagreement between the composition of the deposit to a failure to account for the funds at all.

(5) Accounting records maintained by the ASB bookkeeper showed many instances of "scratch-outs", "write-overs", and "white-outs."

(6) Funds for which the origin could not be determined were regularly posted to the school parking fines account in order to make the receipts balance to the postings.

WAC 392-138-047 requires that:

. . . there is a complete segregation by accounting records for each associated student body organization including clubs, classes, athletic events and general associated student body.

As a result of this failure to account for club receipts accurately and in a timely manner, we were unable to determine the accuracy of the distribution of collected funds between the numerous activity accounts.

c. Additionally, we noted the following unallowable practices:

(1) The ASB bookkeeper maintained records, collected funds, and was an authorized signatory for the school "sunshine fund" (a private fund comprised of cash donations from school staff and used to buy flowers for ailing staff members). These functions were performed during normal working hours and the cash, checkbook, and related records were stored on the school premises.

(2) Personal checks of school staff were occasionally cashed by the ASB bookkeeper using ASB funds.

The performance of non-district activities on district time may be considered a gift of public funds, and the cashing of personal checks using district funds is a lending of district credit.

Article VIII, Section 7 of the Washington State Constitution states that:

No county, city, town or other municipal corporation shall hereafter give any money, or property, or loan its money, or credit to or in aid of any individual, association, company or corporation

During the course of our audit, the district immediately took action to eliminate all of the circumstances found and to improve internal control in the ASB Fund at the high school.

The ASB bookkeeper claimed to be unaware of these requirements, and did not appear to understand basic internal control procedures. These requirements and procedures were both included in the school district's business procedures manual, and covered at an annual business office workshop which she attended. Explanations volunteered by the ASB bookkeeper confirmed that funds had been improperly handled, such as the holding of checks and cash for up to ten days, lending of credit, and the failure to segregate club activities properly.

We recommend that the district enforce its existing procedures to ensure:

- Daily, intact deposit of all funds received.
- Completion of a separate receipting document for every club account immediately upon receipt of funds.
- Complete and accurate recording for all club activities in a timely manner.
- Non-school-related activities are not performed during school hours using school facilities and that the personal checks of staff members are never cashed using ASB funds.